

# Thoughts on Disability Assumptions

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# New DI Beneficiaries, by age and gender

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From 2011 Tech Panel Report:

$$\text{Change in DI}_{\text{agt}} = \text{POP}_{\text{agt}} * \text{INS}_{\text{agt}} * \text{INC}_{\text{agt}} - \text{DI}_{\text{ag,t-1}} * \text{TERM}_{\text{agt}}$$

where

DI = disabled worker beneficiaries

POP = number of people in age-gender group

INS = fraction insured for DI benefits

INC = incidence of claiming DI benefits

TERM = termination rate (death, recovery or conversion to OA benefits)

# Let's focus on incidence for now

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Ultimate age-sex adjusted DI incidence rate:

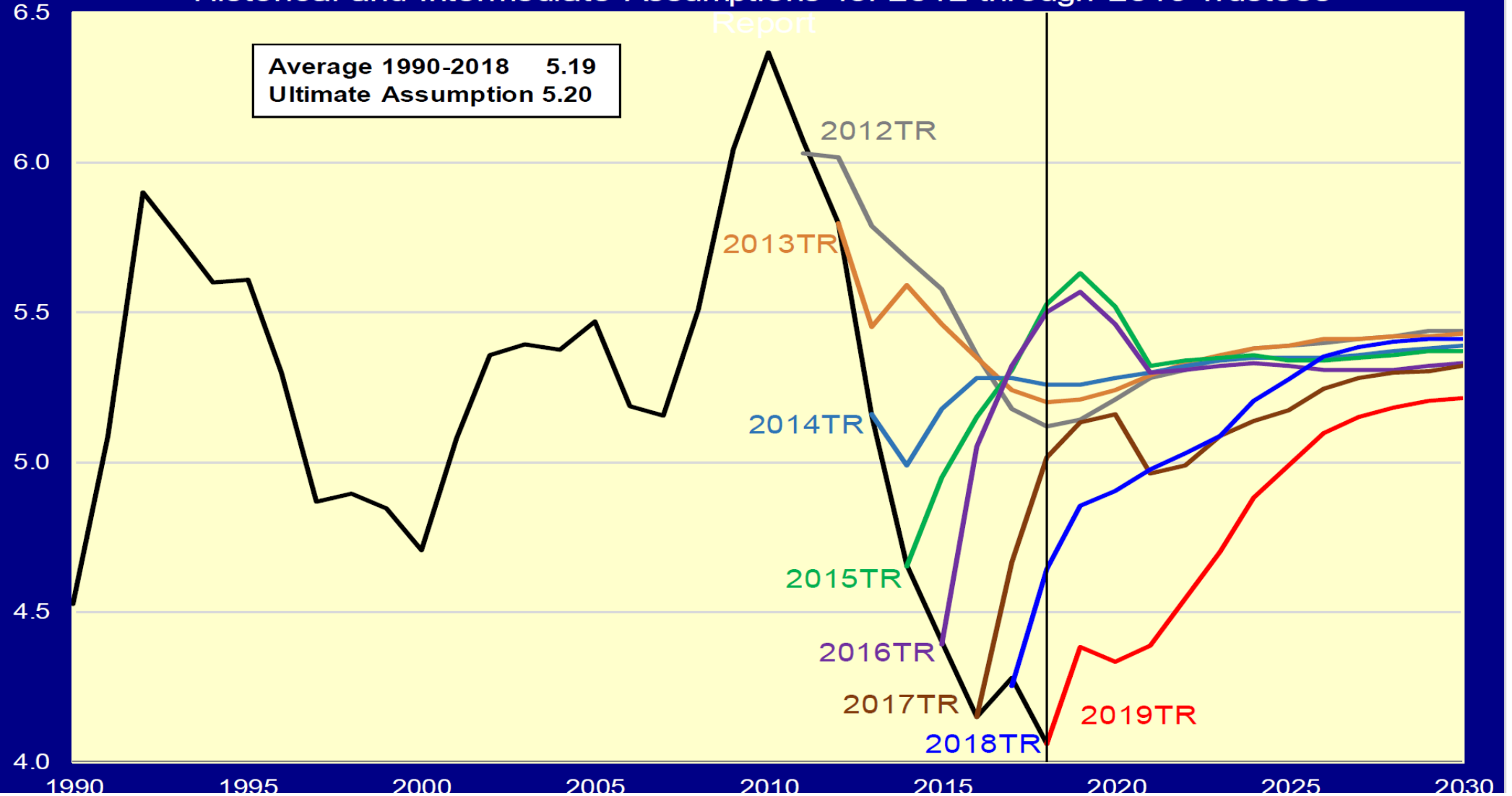
- 2008-2011: 5.2
- 2012-2018: 5.4
- 2019: 5.2

Note 2011 Tech Panel recommended increasing to 5.6; 2015 Panel agreed with 5.4.

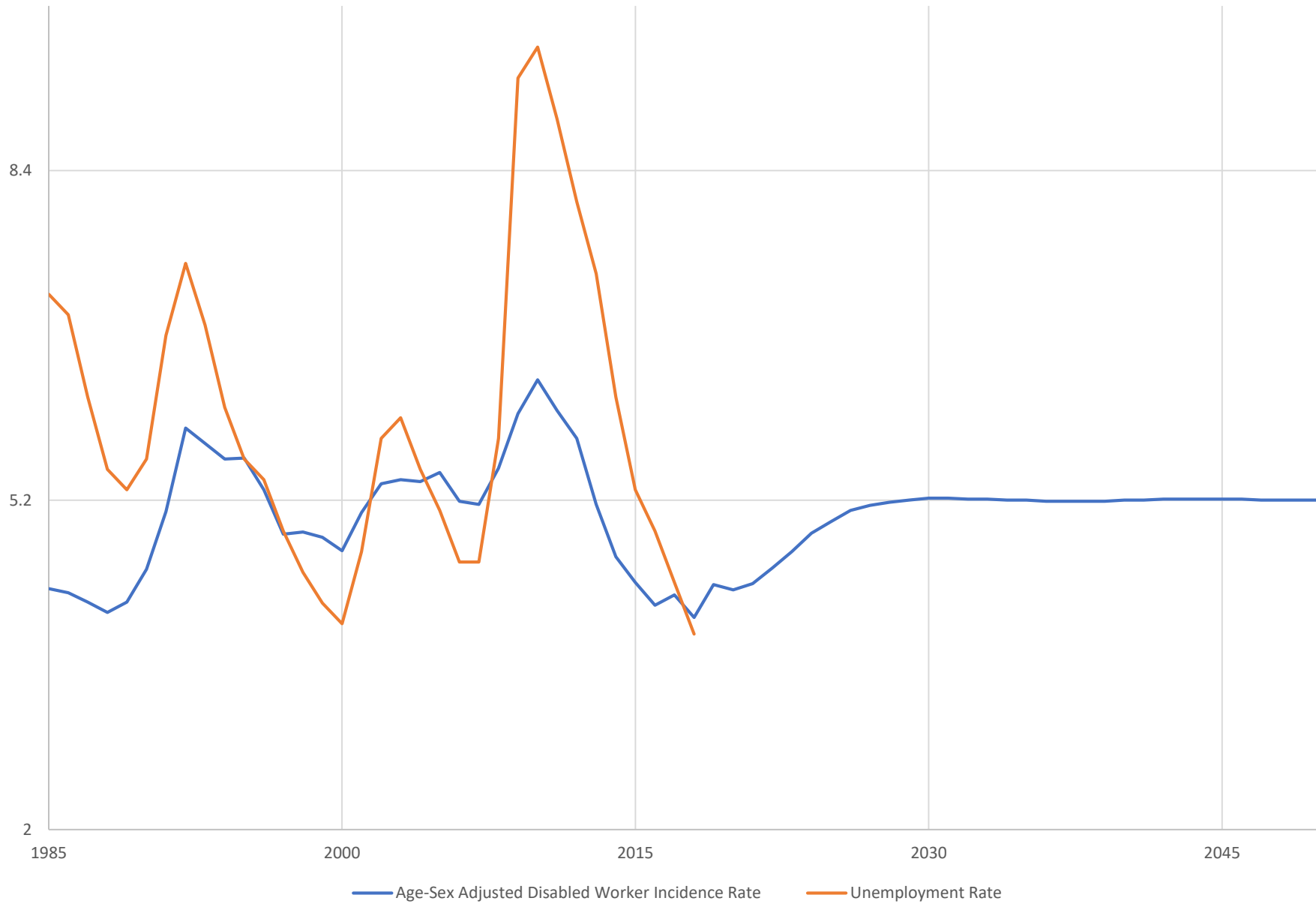
Projected DI Trust Fund Depletion Date:

- 2018: 2032
- 2019: 2052

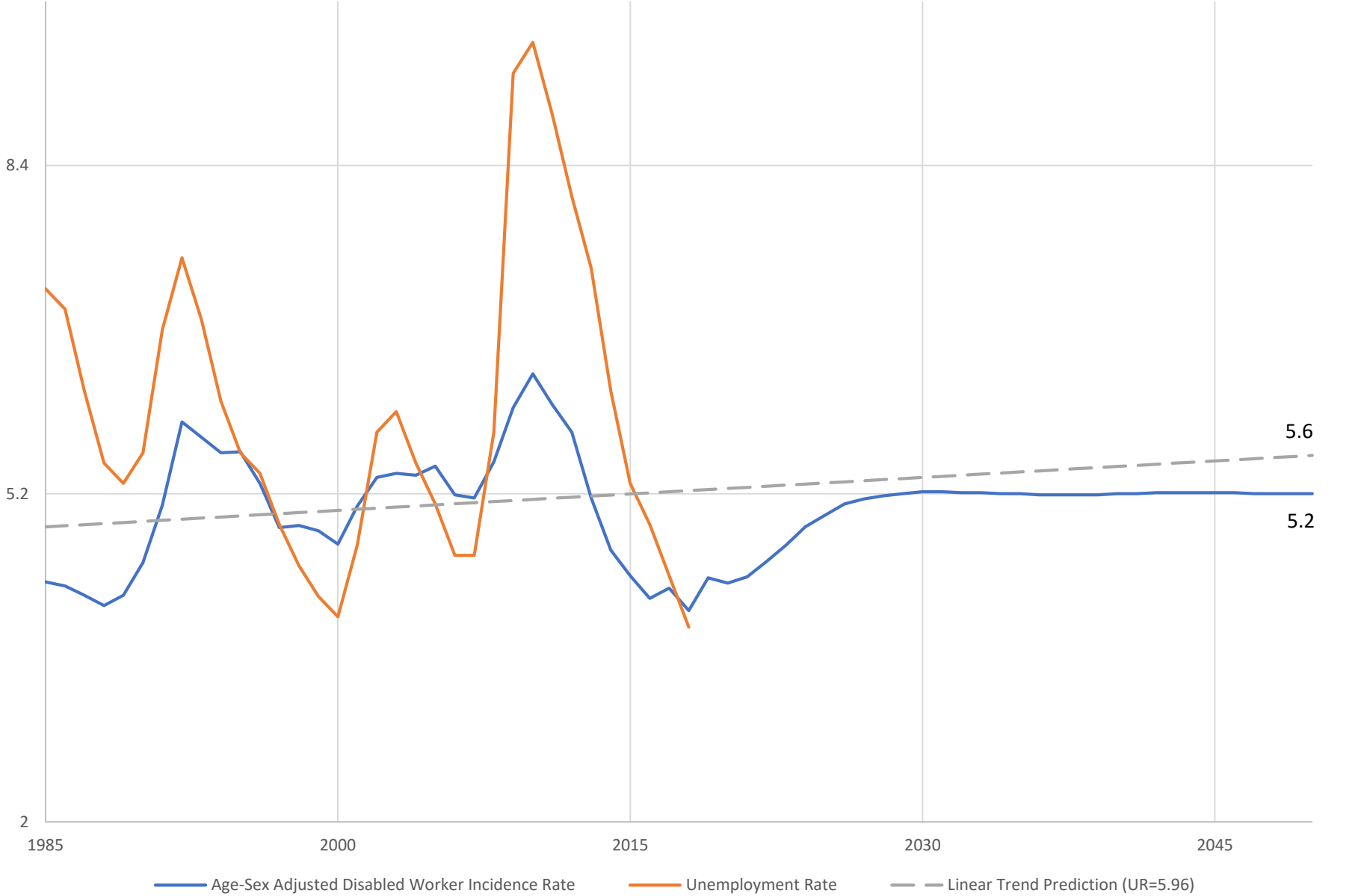
## Historical and Intermediate Assumptions for 2012 through 2019 Trustees



# Age-Sex Adjusted DI Incidence Rate and Unemployment Rate



Age-Sex Adjusted DI Incidence Rate and Unemployment Rate



# Discussion

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Given the continuing decline in the unemployment rate, does the experience of the last 8 years really tell us anything new about DI incidence? DI incidence at historic low...but so is unemployment rate.

On the other hand, there's something about the Great Recession... UR increased about twice as much in Great Recession vs. previous two recessions (5pp in GR vs. ~2.2pp in early 90s/2000s) but DI incidence increased about the same.

Parallel declines in private sector suggest whatever's going on is not specific to Social Security (e.g., due to ALJ reforms, or field office closings)

Could the Great Recession be masking underlying population changes in health (probably not) or nature of work (jury's still out)?